

Message Text

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ACTION NEA-09

INFO OCT-01 AF-06 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

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USIA-06 /072 W

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R 141353Z MAY 75

FM AMEMBASSY CAIRO

TO SECSTATE 3956

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMEMBASSY MOSCOW

AMEMBASSNBOEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY KHARTOUM

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E.O. 11652: NA

TAGS: PFOR, PINT, EG

SUBJECT: GOE POLICY SPEECH TO PARLIAMENT

SUMMARY: ECONOMIC AND POLITICAL TOUR D'HORIZON PRESENTED BY PRIMIN SALIM TO PEOPLE'S ASSEMBLY ON MAY 13 WAS RESTATEMENT OF BROAD GENERAL POLICIES TO BE FOLLOWED BY GOE ON FOREIGN AND DOMESTIC AFFAIRS. HE INDICATED EGYPT WILL BE PROCEEDING FROM A POSITION OF STRENGTH AT GENEVA, SEEKING AN OVERALL SETTLEMENT, NOT TEMPORARY AGREEMENTS. ON DOMESTIC SIDE, HE POINTED OUT EGYPT IS COMMITTED TO ECONOMIC "OPEN DOOR", THAT PRICES AND SUPPLY OF COMMODITIES WILL BE IMPROVED, TAX BURDENS EQUALIZED AND OTHER MEASURES TAKEN TO MAXIMIZE EFFECTIVENESS OF EGYPT'S INDUSTRIAL AND HUMAN RESOURCES. END SUMMARY.

1. PRIMIN SALIM MAY 13 DELIVERED FORMAL GOE POLICY STATEMENT TO PEOPLE'S ASSEMBLY. STATEMENT CONTAINS NO SURPRISES. SALIM CONCENTRATED ALMOST ENTIRE SPEECH ON
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NECESSITY TO SOLVE DOMESTIC ECONOMIC AND ADMINISTRATIVE

PROBLEMS.

2. OF HIS FEW REMARKS ON FOREIGN POLICY, FOLLOWING ARE
NOTEWORTHY:

A) GENEVA. EGYPT GOES TO GENEVA FROM POSITION OF STRENGTH
TO SEEK OVERALL SETTLEMENT, NOT TO AGREE ON TEMPORARY ARRANGE-
MENTS. REPS OF PALESTINIAN PEOPLE MUST TAKE PART. EGYPT
INSISTS ON FULL COORDINATION WITH SARG AND (PALESTINIAN)
RESISTANCE, AND WITH ALL ARABS WHO UNIFIED THEIR STRATEGY AT
ARAB SUMMITS.(COMMENT: THIS MAY BE DELICATE SLAP AT LIBYA.)

B) EUROPE. EGYPT BELIEVES IN FLEXIBLE INTERNATIONAL POLICY.
AS RESULT,EUROPEANS ARE MORE AWARE OF ARAB CAUSE AND GOE
WILL CONTINUE TO STRENGTHEN COOPERATION BETWEEN EGYPT AND
WESTERN EUROPE IN ALL POLITICAL, ECONOMIC, SCIENTIFIC,
TECHNOLOGICAL AND CULTURAL FIELDS (COMMENT: DESPITE ALGIERS'
IRRITATION, GOE IS ANNOUNCING ITS INTENTION CONTINUE EURO-ARAB
DIALOGUE). GOE WILL ALSO STRENGTHEN COOPERATION WITH EASTERN
EUROPE.

C) USSR. RELATIONS WITH USSR "ARE TAKING A POSITIVE COURSE
AND RESULTS WILL APPEAR IN COMING MONTHS". GOE LOOKS FORWARD
TO SOVIETS PLAYING ACTIVE AND PROMINENT ROLE IN REACHING ME
SETTLEMENT. WE HOPE DEBTS WILL BE RESCHEDULED, FOR THEY
HAVE BECOME BURDEN WHICH EGYPTIAN ECONOMY CANNOT BEAR AT
PRESENT TIME.

D) US. WE AWAIT RESULTS OF POLICY REASSESSMENT AND HOPE
FORD/SADAT MEETING WILL RESULT IN USG STAND WHICH "REJECTS
AGGRESSION AND ACQUISITION OF TERRITORY OF OTHERS BY FORCE
AND WHICH SUPPORTS PERMANENT AND JUST SOLUTION GUARANTEEING
PALESTINIAN RIGHTS".

E) MILITARY PREPAREDNESS. GOE ARMED FORCES CONTINUE PREPA-
RATIONS TO FACE ALL EVENTUALITIES AND ARE VIGILANT TO RETALIATE
FIRMLY AGAINST ANY AGGRESSION AGAINST NAVIGATION IN CANAL
OR AGAINST CANAL CITIES.

3. IN DESCRIBING DOMESTIC TASKS FACING GOE, WHICH CONSTITUTED
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MAIN PORTION OF PRESENTATION, PM BROKE NO NEW GROUND, SPEAKING
MOSTLY IN VERY GENERAL TERMS ABOUT PLANS AND PROGRAM TO DEAL
WITH ECONOMIC PROBLEMS THAT HAVE ALREADY BEEN EXTENSIVELY
PUBLICIZED. PRINCIPAL POINTS:

A) OPEN DOOR. GVE IS COMMITTED TO THIS POLICY, WHICH IS
CONSIDERED AS STARTING POINT AND RULE; CONTROL AND RESTRICTION
SHOULD BE LOOKED UPON AS EXCEPTION. EVERY INVESTMENT WHICH

CONTRIBUTES TO THE ECONOMY SHOULD BE ACCEPTED.

B) PRICES AND SUPPLY. EFFORTS WILL BE UNDERTAKEN TO FIX PRICES AND REDUCE THEM WHERE POSSIBLE, WHILE TAKING NECESSARY STEPS TO ENSURE AVAILABILITY AND PROPER DISTRIBUTION AND PUNISH OFFENDERS.

C) EQUALIZING BURDEN. TAX LAWS WILL BE REWRITTEN TO REDISTRIBUTE BURDEN, MAINTAIN SOCIAL JUSTICE AND COMBAT EVASION.

D) INDUSTRIALIZATION. EMPHASIS WILL BE ON VERTICAL INCREASE IN PRODUCTION THROUGH FULL UTILIZATION OF EXISTING CAPACITIES IN PUBLIC AND PRIVATE SECTORS, WITH PRIORITY TO LINKING PROJECTS TO EXPORT AND CONSUMPTION REQUIREMENTS.

E) HUMAN FACTOR. MANPOWER SURVEYS, ADMINISTRATIVE REFORM, AND EXPANDED WAGE, INSURANCE AND PENSION PROGRAM WILL BE UNDERTAKEN TO MAKE BEST USE OF EGYPT'S HUMAN RESOURCES.

4. COMMENT: SPEECH, WHICH LASTED ONE HOUR AND 15 MINUTES, WAS BROAD-BRUSH TREATMENT OF MAJOR POLICY ISSUES, DESIGNED TO SERVE AS STARTING POINT FOR ASSEMBLY CONSIDERATION OF VARIOUS MEASURES GOE WILL BE SUBMITTING FOR APPROVAL IN COMING MONTHS. AS SUCH, IT IS NOT PARTICULARLY INFORMATIVE EXCEPT AS REITERATION OF INTENTIONS OF SADAT'S REGIME.
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